



Survey Report - Sick Leave

January 2020

Executive Summary

The main objective of the Sick Leave Survey is to provide a picture of the utilisation of sick leave by employees. The survey obtained data from 351 respondents covering more than 400 companies in Malta, spread across different economic sectors.

The survey was conducted before the spread of the COVID-19 pandemic, therefore the results do not reflect sick leave patterns resulting from the pandemic, but rather during times considered as 'normal'.

The results reveal that, on average, employees take **an average of 5.89 days per annum**. The standard deviation between companies is 3.68 days, which implies that there are significant differences in the average sick leave taken among companies. Sick leave tends to be higher in larger companies, employing more than 250 employees, where the average is 6.92 days. 56% of respondents reported no changes in sick leave taken during the previous five years, 10% reported a decrease and 34% experienced an increase in sick leave taken. Half of respondents reported a tendency for younger persons (16 – 25 years) to take more sick leave than older employees.

The Malta Employers' Association will be conducting periodic surveys to monitor developments, especially in a post pandemic scenario which could result in different forms of work organisation in many companies and sectors in Malta.

Background

What is Sick Leave?

Sick Leave is absence from work permitted due to illness.

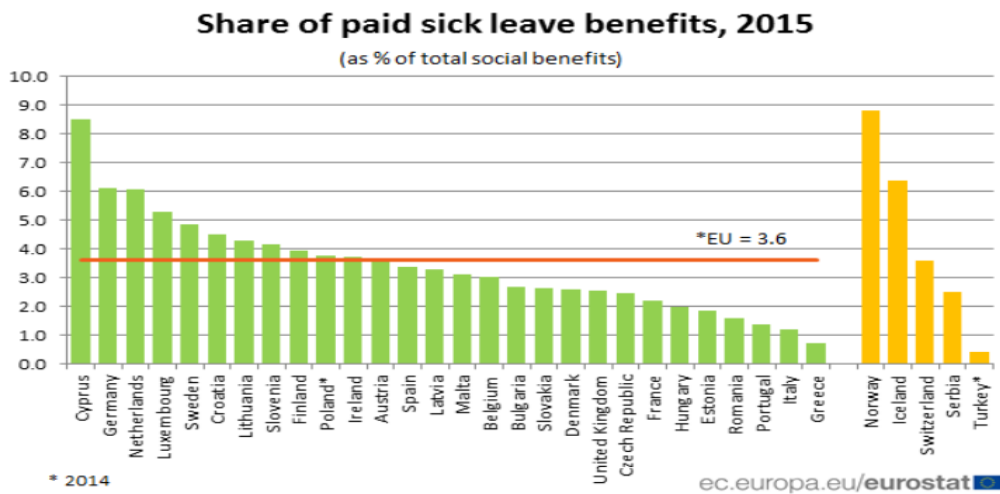
Sick Leave entitlement is the allowance for which an employer agrees to pay employees who are sick.

The amount of sick leave entitlements in Malta, varies substantially according to the relevant Wage Regulation Order (WRO) that regulates the specific sector of industry. Where the type of activity of work is not regulated by a W.R.O, the sick leave entitlement of an employee amounts to two working weeks per year (calculated in hours) as stipulated by L.N. 432 of 2007 – Minimum Special Leave Entitlement Regulations.

The employer is only required to issue wages for the amount of sick leave entitlement provided by law. If an employee remains sick after having exhausted all the sick leave entitlement, s/he will only continue to receive the Sickness benefit from the Social Security to which s/he may be entitled. In occasions of sickness, a medical certificate has to be presented to the employer. If the absence from work is not covered by a medical certificate, other arrangements (like applying for leave) have to be sought.

Statistics

Sick leave, unlike annual leave, cannot be planned ahead. Yet some countries have the culture of entitlement that exists in sections of our community where individuals believe that uncertified sick leave is an addition to their annual leave entitlement. This is being reflected in percentages of paid sick leave benefits across the EU, raising from 3.4% in 2010 to 3.6% in 2014, with Malta standing at 3.1%.



Financial Expense

While the percentage of workers with access to vacation days has remained the same, those with paid sick leave has increased. The Maltese government spent €41.18 million Euros on paid sick leave benefits in 2008 (0.7% of GDP), and €52.89 million Euros in 2017 (0.5% of GDP).

When one looks at the numbers, it becomes clear that the prevalence of sick leave is very costly on government and companies. This could be due to the reimbursement process being too lax, having no clear guidelines on how to detect and curb abuse, or having employers using different methods of dealing with the problem.

It is time where employers and the government work together to reduce the amount of abusive sick leave, while ensuring that those who are genuinely sick are allowed to recover for as long as required.

Introduction

In order to assist member companies, the Malta Employers' Association (MEA) has formulated a survey to determine the usage of sick leave in Malta as experienced by employers.

The survey was designed in February 2020, prior to the breakout of COVID-19 with the below objectives:

- To identify the average number of sick leave days seized by employees
- To establish the most common causes of sick absence
- To examine procedures used for monitoring processes
- To study different sick leave entitlements being provided by companies based in Malta
- To analyse trends of sick absence by company size, sector and collective agreements
- To provide recommendations for legislative measures to reduce sick leave abuse

Methodology

The survey was distributed online through the Survey Monkey software, to all MEA members, companies coming from different industry sectors.

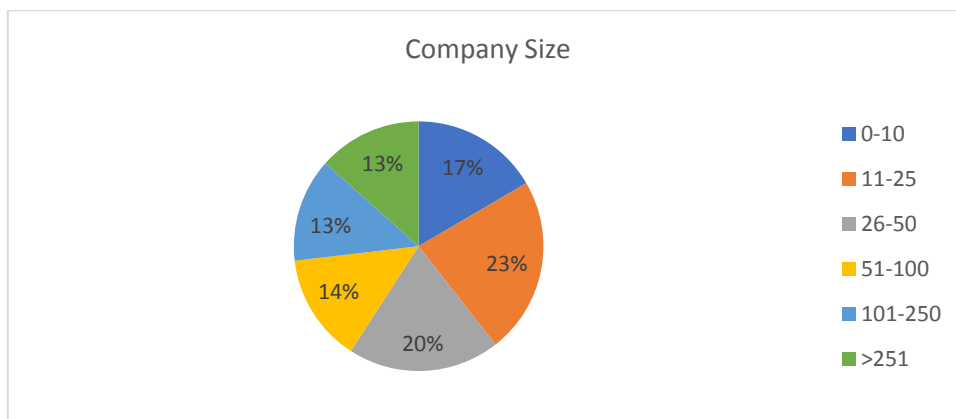
The survey contained twenty-one (21) questions, some of which are closed-ended and others are open-ended. Through the open-ended, respondents were given the possibility to explain further their responses, by adding comments to their answers. Appendix I shows the survey format.

There were three-hundred and fifty-one (351) responses to the survey, representing a larger number of companies as a number of respondents represented groups of companies, not individual employers.

Results

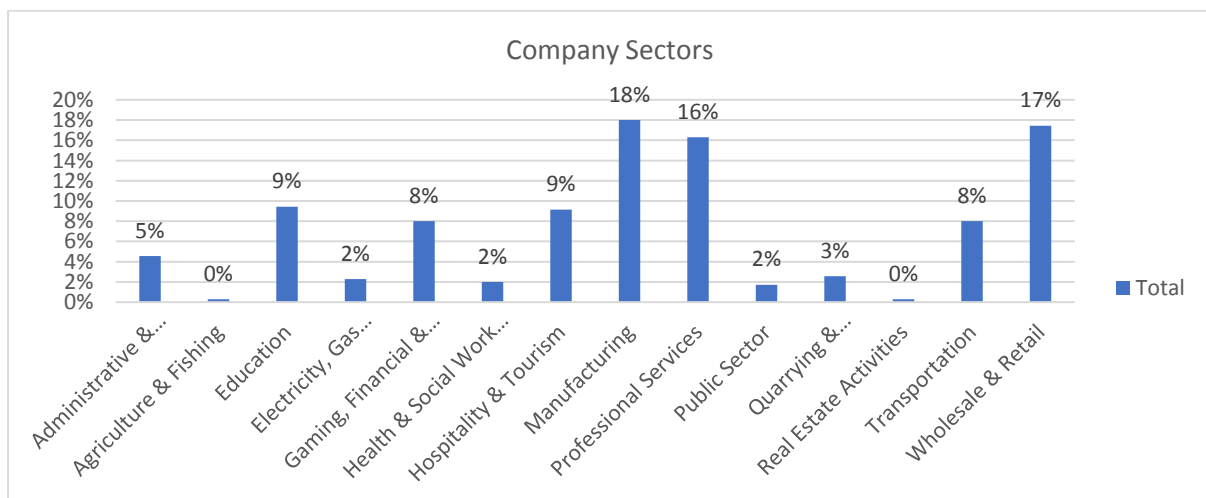
1.1 Company Size

Out of 351 survey respondents, 17% of companies employ less than 10 employees, 43% employ between 11-50 employees, 27% employ between 51-250 employees, and 13% employ between more than 251 employees.



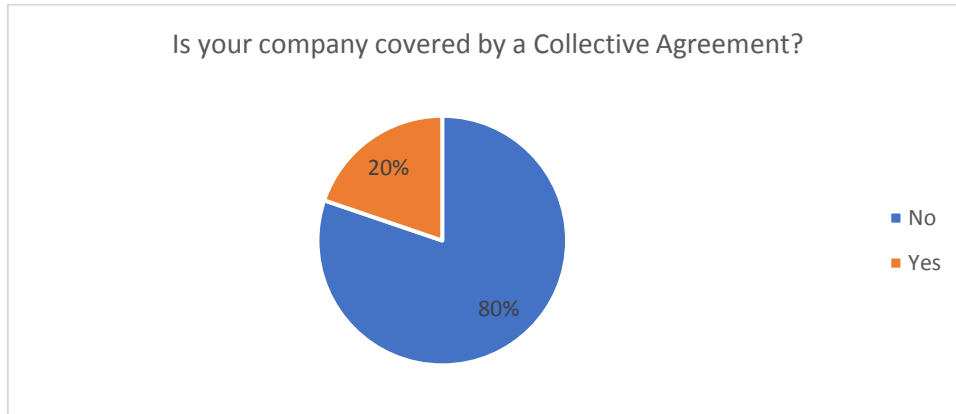
1.2 Company Sector

The data below shows the number of respondents by sector. Out of three hundred and fifty-one (351) respondents, the highest company representations come from the Manufacturing (18%), Wholesale & Retail (17%) and the Professional Services (16%). This is followed by Hospitality & Tourism (9%), Education (9%), Transportation (8%) and Gaming, Financial & Insurance (8%).



1.3 Collective Agreements

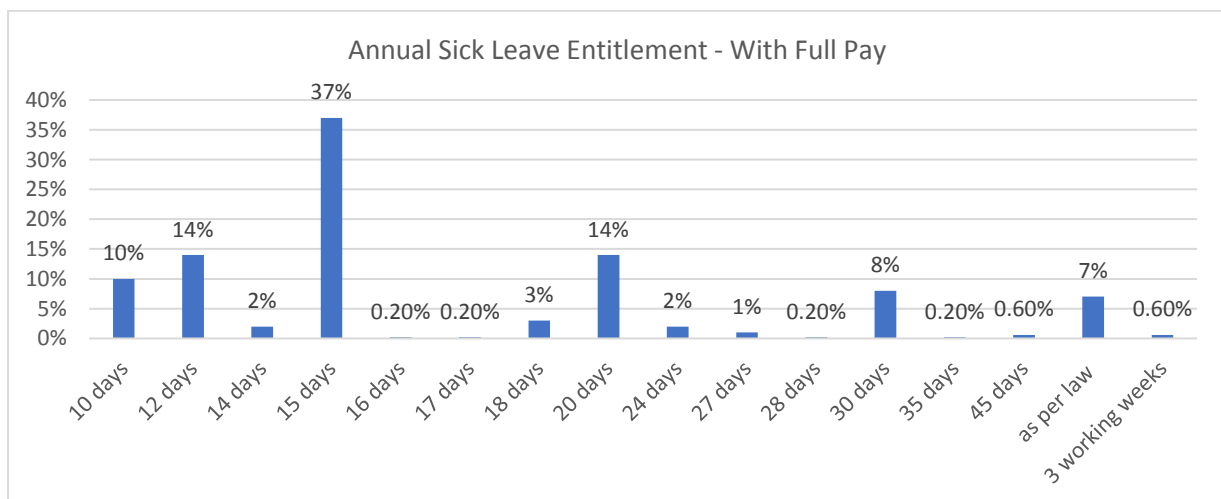
Out of the total number of respondents, 20% of the companies have a collective agreement and 80% do not have a collective agreement.



1.4 Annual Sick Leave Entitlements

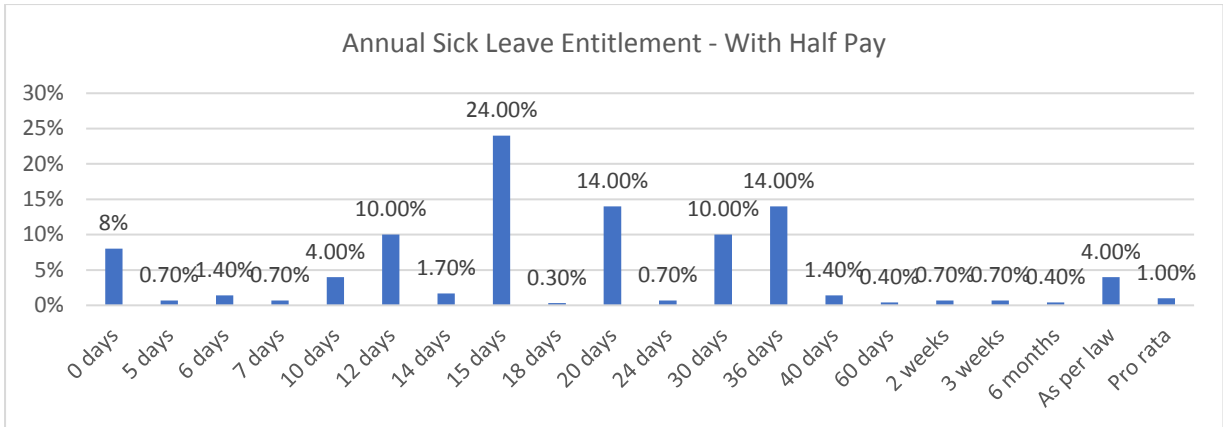
339 out of 351 participants have answered this question.

The majority of survey respondents (37%) have 15 days of annual sick leave entitlement with full pay, followed by 14% that have 12 days and another 14% that have 20 days. 10% of survey respondents have 10 days, 8% have 30 days and another 7% stated 'according to law', which according to the L.N. L.N. 432 of 2007 – Minimum Special Leave Entitlement Regulations, is of two working weeks.



283 out of 351 participants have answered this question.

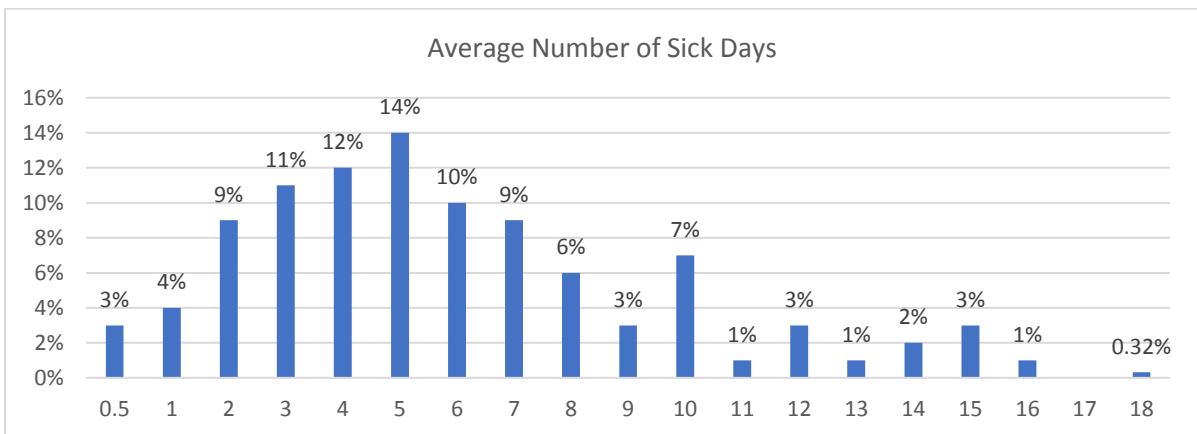
The majority of survey respondents (24%) have 15 days of annual sick leave entitlement with half pay, followed by 14% that have 20 days and another 14% that have 36 days. 10% of survey respondents have 12 days and another 10% have 30 days. 8% of survey respondents have no annual sick leave entitlement with half pay.



1.5 Average Sick Days Consumed

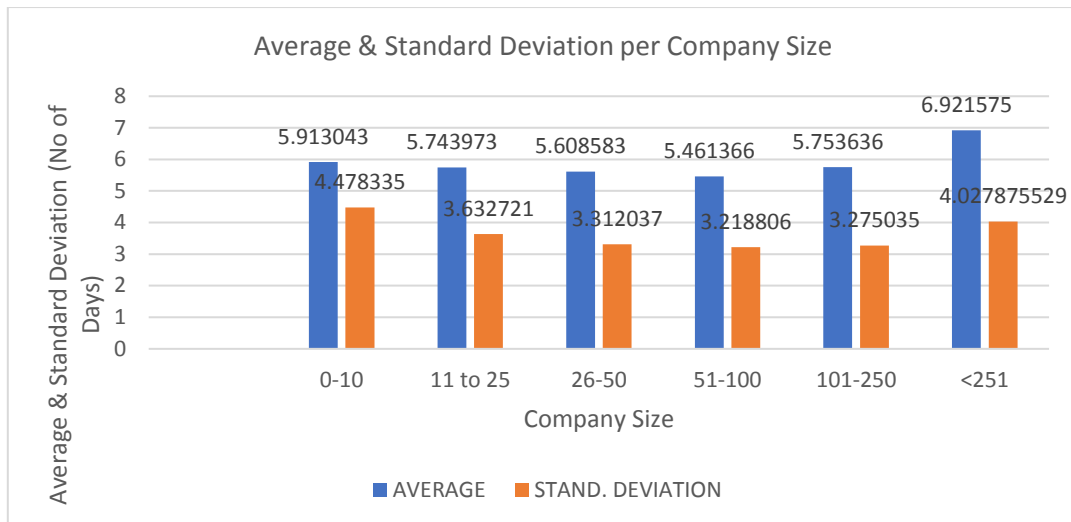
306 out of 351 participants have answered this question.

The **average number of sick days is 5.89 days**, while the **standard deviation is 3.68 days**.



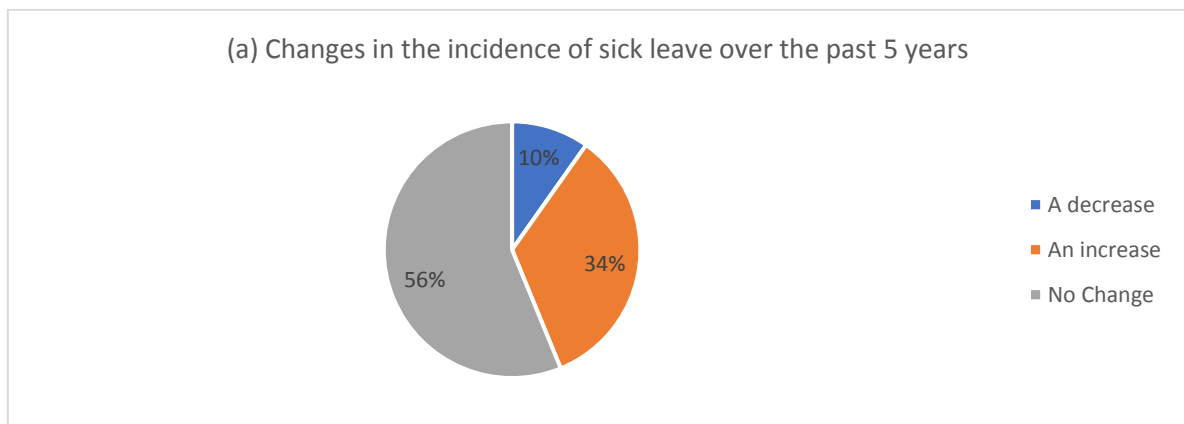
N.B. The average sick leave was calculated by taking the total number of hours of sick leave in a year and dividing it by the number of employees, then dividing the result by 8 hrs. If the number of employees varies substantially during the year, the average number of employees was taken. E.g. if the total number of hours is 720, and the number of employees is 11, average sick days was calculated to be $720/11/8=8.2$.

When working the average and standard deviation by number of days, along company size, one can notice that the amount is higher in large companies employing more than 251 employees. In large companies, the number of employees is higher, thus some employees might take more sick leave than in smaller companies. Large companies are also harder to monitor and manage every section.

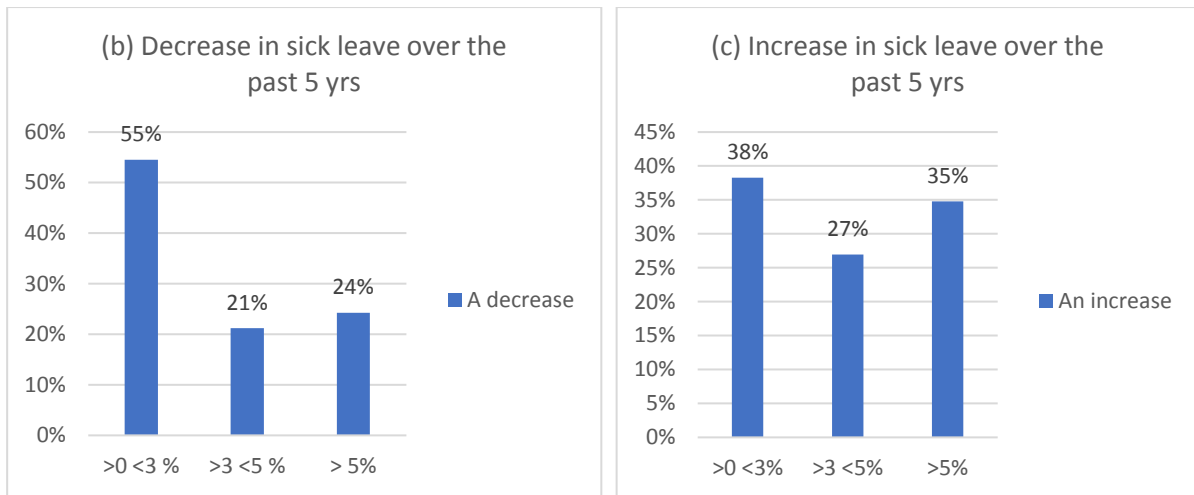


1.6 Changes in sick leave over the past five years

Out of 351 survey respondents, 33 companies (10%) stated that they had registered a decrease in sick leave over the past five years. The other 118 companies (34%) stated that they had registered an increase in sick leave over the past five years. The remaining 56% claimed that they have not registered any change.



Out of the 10% that registered a decrease in sick leave over the past five years, the majority of them (55%) had between 0-3%, 21% had between 3-5% and 24% had more than 5%. Out of the 34% that registered an increase in sick leave over the past five years, their is a mixture of percentages in the responses as 38% had between 0-3%, 27% had between 3-5% and the other 35% had more than 5%.



This change in sick leave has been recorded due to a number of reasons, recorded by survey respondents:

Increase:

- Abuse, sense of entitlement and lack of commitment, changes in people's work ethics
- Some employees accounting for the majority of sick leave
- Doctors giving out sickness certificates so easily
- Employing younger employees and having an ageing workforce
- More working parents and young employees
- Increase in long term illnesses
- Flu season taking longer than usual
- Increase in overtime hours and longer shift work
- Change of employees, new employees on probation affecting the average
- Steep increases in the number of personnel due to company mergers

Decrease:

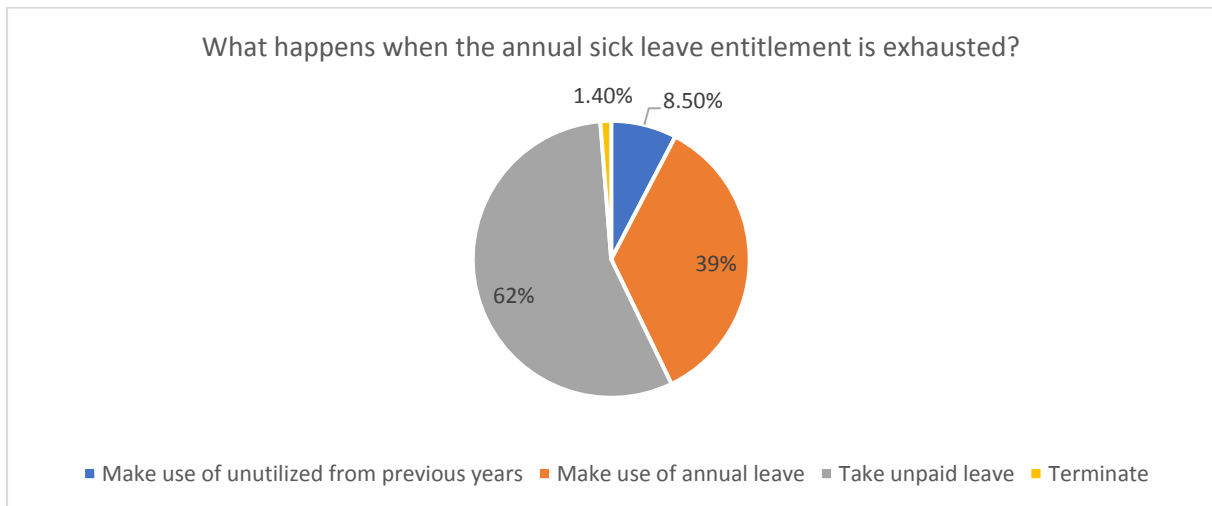
- An effective management of analysis
- Introduction to stricter sick leave policies which request all sick leave to be certified by a medical practitioner; sending company doctors at home; unpaid days for each time employee is not found at home by company doctor
- Better conditions at the workplace, better work environment and restructuring of salary packages, introduction of incentives
- Adjustment of sick-leave entitlement to 10 working days, sick-leave decreased
- Reduction in sick leave entitlements through collective agreement negotiations and more commission-based employees

1.7 Exhaustion of Annual Sick Leave Entitlement

When the annual sick leave entitlement is exhausted, 62% of survey respondents claimed that their employees take unpaid leave, 39% make use of annual leave, 8.5% make use of unutilized sick leave from previous years and 1.4% terminate contract (the termination of contract has been highlighted

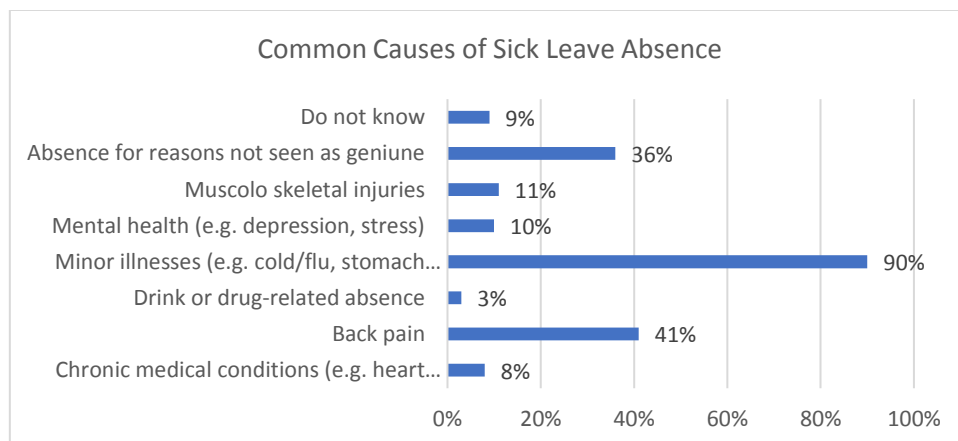
with other options provided, and none of the participants have marked it on its own selection). A number of companies also offer employees half pay sick days before opting to unpaid leave.

In circumstances where employees need to take sick leave for long periods, companies are handling the matter on case-by-case basis. Some survey respondents claim that they meet with employees and discuss the issue. Most companies claimed such matters are of rare occasion and when it happened, management offered additional days (eg. in case of long-term recovery); used foundation funds and in some instances, staff donated leave to their colleagues.



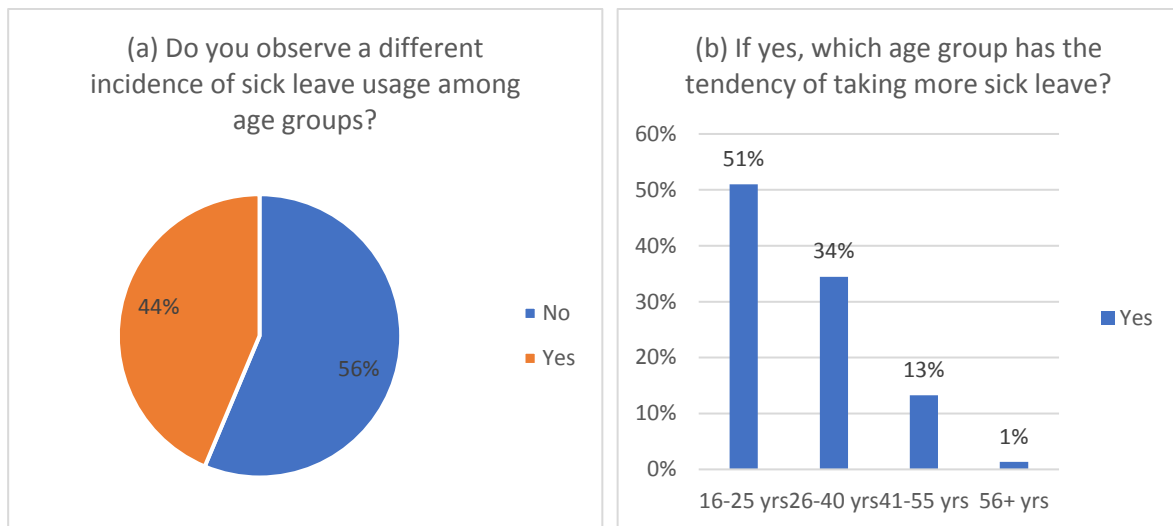
1.8 Common Causes of Sick Leave Absence

The most common cause for sick leave absence is due to minor illnesses (91%), followed by back pain (41%), muscular skeletal injuries (11%) and mental health (10%). 36% of survey respondents claimed that the most common causes of sick leave absence are due to absence for reasons not seen as genuine. Another 9% claimed that they do not know.



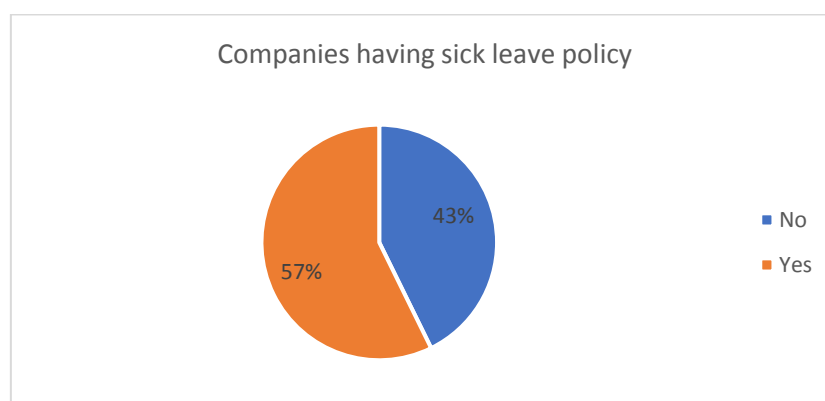
1.9 Incidence of Sick Leave Usage

44% of survey respondents observe a different incidence of sick leave usage among age groups, while 56% do not. Out of those that claimed 'Yes', 51% of respondents claim that employees aged 16-25yrs take the most sick leave, 34% claimed that employees aged 26-40yrs, 13% claimed that employees aged 41-55yrs and 1% claimed that employees aged 56+ yrs.



1.10 Sick Leave Policy

57% of survey respondents have a sick leave policy in place which could be in the form of a procedure in a collective agreement. The other 43% do not have a sick leave policy in place.

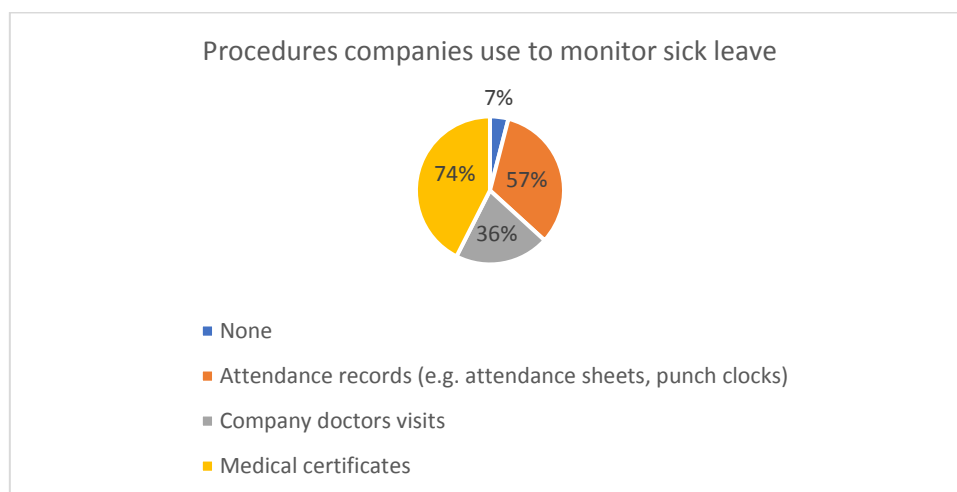


1.11 Procedures for monitoring sick leave

57% of survey respondents monitor sick leave by keeping attendance records such as attendance sheets and using punch clocks. 36% of participants declared that they conduct company doctors' visits and 74% ask for medical certification.

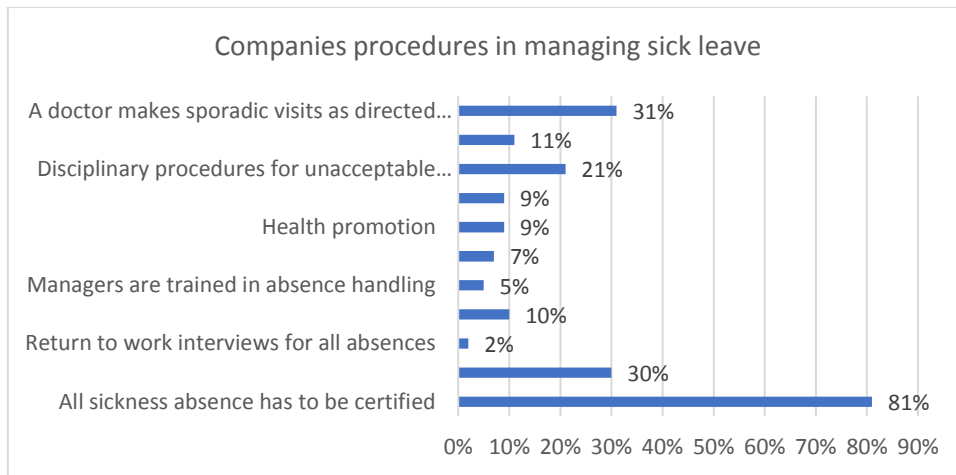
7% do not have procedures to monitor sick leave, while others have claimed of using different procedures such as:

- Having an internal leave management system
- Inputting sick leave in payroll and issuing reports
- Using Bradford Index
- Return to work interviews
- Sporadic check by company doctors



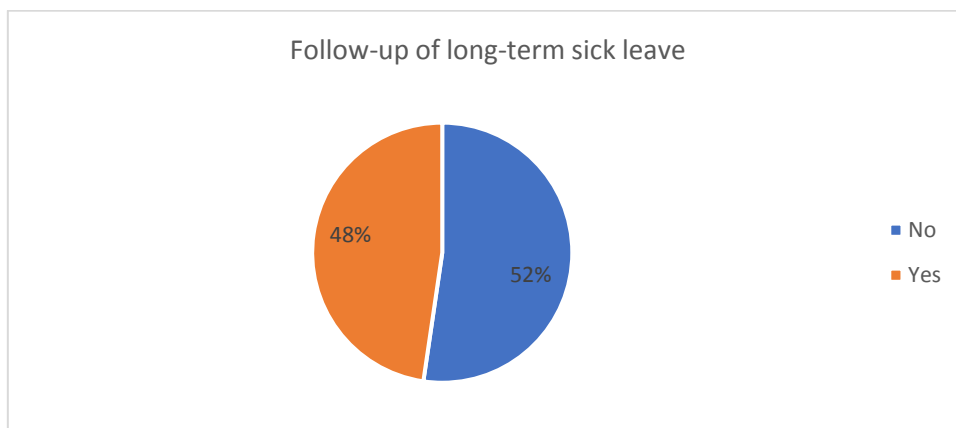
1.12 Procedures for managing sick leave

The majority of survey respondents (81%) claimed that all sickness absence has to be certified within their companies. 31% of respondents claimed that a company doctor makes sporadic visits as directed by management, whilst another 11% claimed that the company doctor visits all employees reporting sick. 30% of respondents claimed that employees have to provide sickness absence information to line managers and 21% claimed that disciplinary procedures are taken for unacceptable absences.



Other respondents claimed that employees have to present certificates if sick leave is longer than 2 or 3 days, or whenever asked by manager. Some companies discuss medical issues with the employee and company doctor, and non-genuine cases can influence end of year bonus.

When asked how many companies conduct a close follow-up of long-term sick leave, 48% claimed 'Yes' while 52% claimed 'No'.

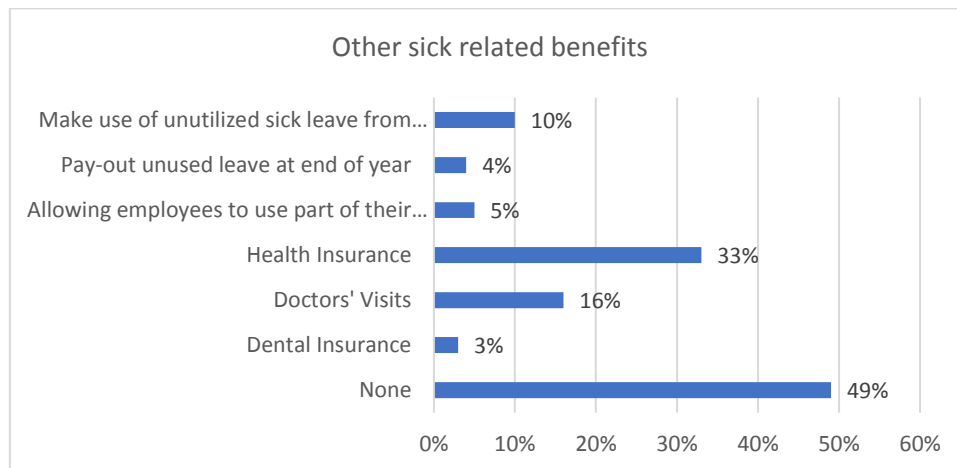


Out of those companies that conduct a close follow-up of long-term sick leave, the majority tend to:

- Conduct formal and/or informal meetings with employees through email, phone and back to work face-to-face interviews
- Request frequent checks on progress by presenting medical certifications
- Send company doctors for home/hospital visits and/or paying for specialists visit
- Request limitation reports to assess the employee for alternative suitable employment within the company

1.13 Other sick-related benefits

More than half of survey respondents claimed that they offer more benefits than the sick-leave benefits stipulated by law – 33% offers health insurance, 16% conducts doctors' visits, 10% allow employees to make use of unutilized sick leave from previous years, 5% allow employees to use part of their sick leave allowance to care for a family member, 4% pay out unused leave at end of year and 3% offers dental insurance.



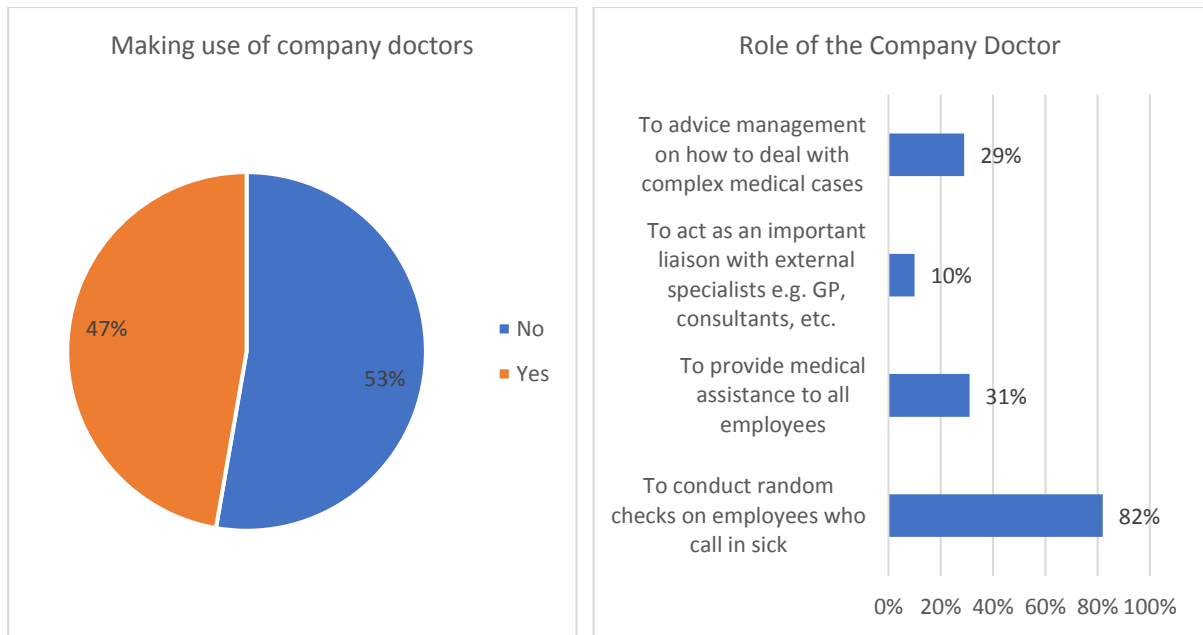
Other companies offer different incentives, such as:

- Providing financial incentives, like bonuses
- Providing an annual health check in a private hospital
- Allowing employees to cover hospital appointments from sick leave
- Making use of an Employee Assistance Programmes that offers support on various matters
- Allocating additional days of sick leave for serious and long illnesses
- Allocating a number of days of additional sick leave for parents with children

1.14 Company Doctors

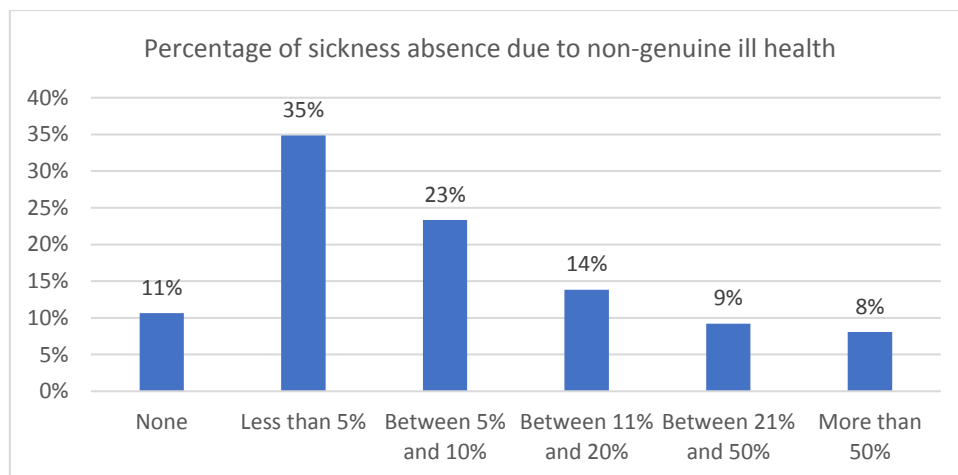
47% of survey respondents make use of company doctors whilst the other 53% do not.

Out of the 164 companies (47%) that answered 'Yes', 82% claimed that the role of the company doctor is to conduct random checks on employees who call in sick, 31% claimed that his/her role is to provide medical assistance to all employees, 29% claimed that his/her role is to advice management on how to deal with complex medical cases, and 10% claimed that the company doctor acts as an important liaison with external specialists like GP and medical consultants.

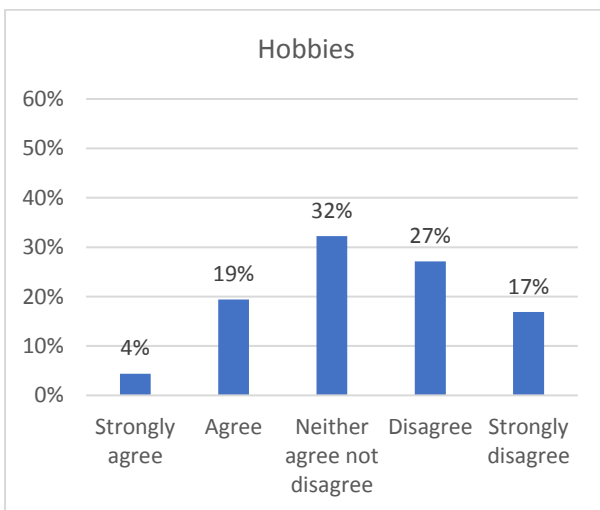
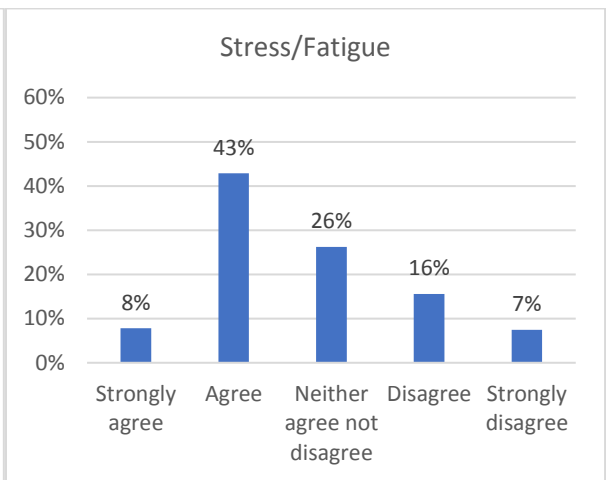
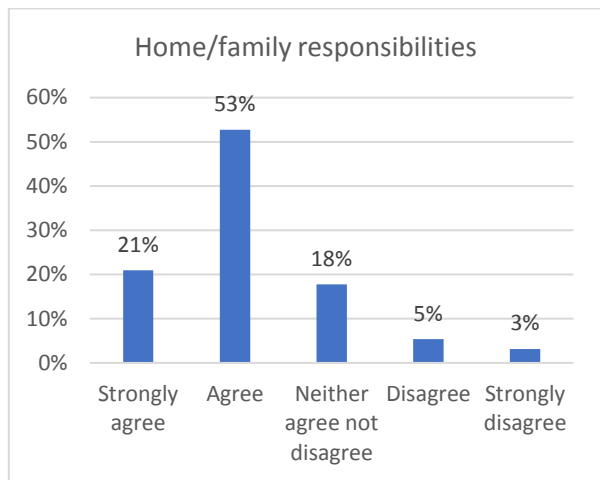
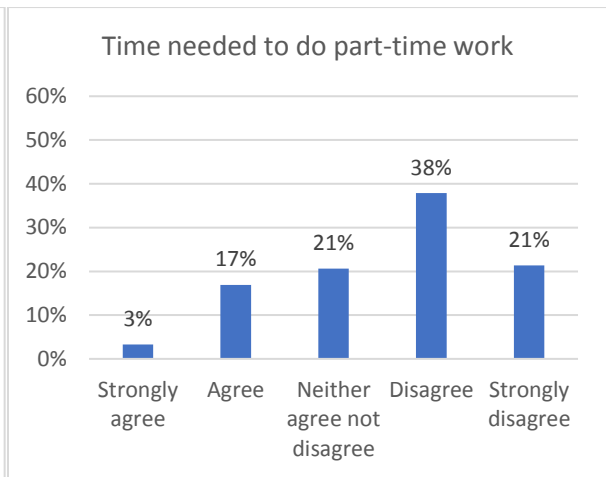
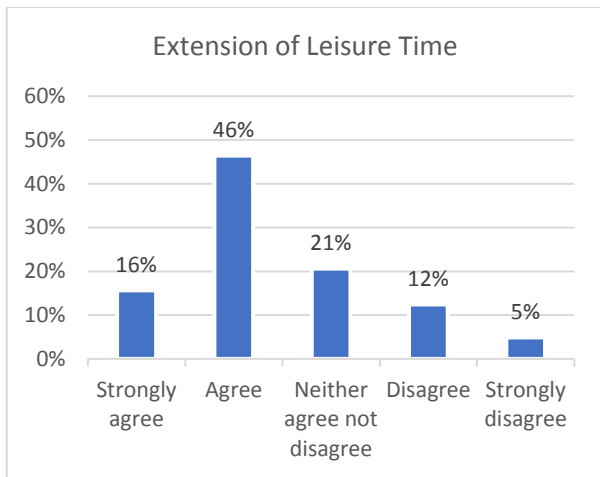


1.15 Sick absence due to non-genuine ill health

35% of survey respondents claimed that less than 5% of sickness absence is due to non-genuine ill health. Another 23% claimed that sickness absence not due to genuine ill health is between 5-10%, 14% claimed that it is between 11-20%, 9% claimed that it is between 21-50% and 8% claimed that it may be more than 50%.



The main reasons for sick absence not seen as genuine is mostly due to home/family responsibilities with 74% and Extension of Leisure Time with 62%, followed by Stress/Fatigue with 51% (respondents stating 'Strongly Agree' & 'Agree').

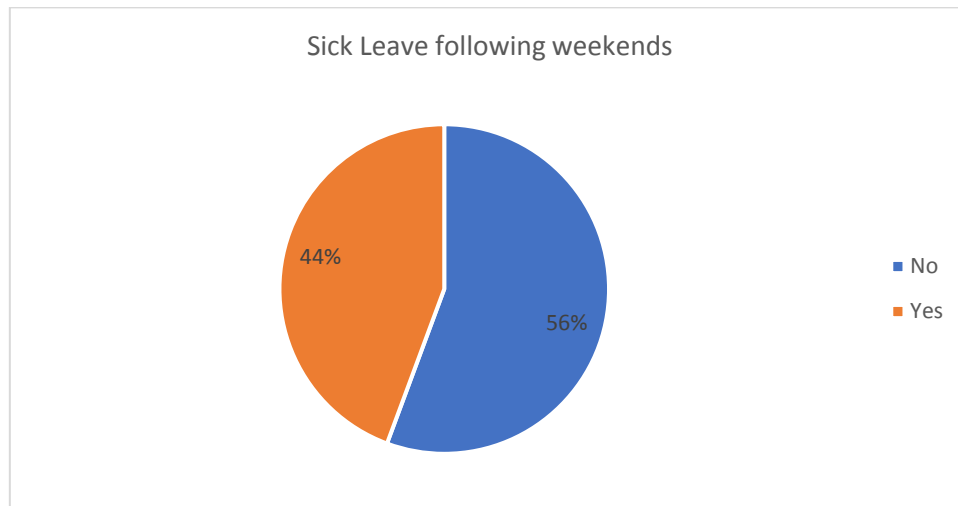


1.16 Sick absence following weekends

44% of survey respondents claimed that they face issues with sick leave following weekends or days of rest. Monday and Friday are the most common days for sick leave. Some respondents claimed that weekends remuneration is higher than weekdays, so employees tend to not report sick for work during weekends.

The younger generation tend to take sick leave after the weekend due to long nights entertaining themselves or due to part-time work. Others reported taking sick leave following vacation leave or to bridge holidays. Abuse has also been noticed when vacation leave is not granted. Since most employees present medical certificates, management cannot report abuse. However, when certain companies start recording trends, management tend to send company doctors.

Less abuse was reported in companies where most workers are on a shift system and where flexible time arrangements are being offered.



1.17 Recommendations for Legislative Measures

The below are a number of recommendations for legislative measures to reduce sick leave abuse by survey respondents:

- Offering health inspectors and doctor support from government
- Introducing more serious consequences for long term absence and abuse of sick leave
- Offering special leave entitlement for employees taking care of a sick relative
- Offering an employee bonus for unutilised sick leave entitlement
- Increasing awareness on work related medical issues
- Allowing employees to cash out their sick leave balance upon retirement
- Providing monetary incentives/tax deduction to employers whose employees do not utilize their sick leave
- The first three days of sick leave should be unpaid, such as the UK
- Social security benefit reduction should apply from day 1
- Re-introducing the right for employers to see medical diagnosis
- Reducing the number of sick days unless there is hospitalisation, serious illness, etc.
- Increasing awareness amongst the general society that sick leave is not an entitlement
- Imposing stricter rule and monitoring of doctors to stop issuing unmerited certificates
- Sick leave abuse should be reported and listed down in termination letters

Conclusions & Recommendations

The survey shows that sick leave absence is deemed to be a challenge in most sectors.

The majority of companies have 15 days of annual sick leave entitlement with full pay and 15 days with half pay. However, this varies from one sector to another due to the different eligibilities listed down in WROs and collective agreements.

Average sick days taken by companies are 5.89 days, with a standard deviation of 3.68 days. The average seems to be higher in larger companies employing more than 251 employees. This may be due to having more employees and thus it is harder to monitor and manage. However, large companies tend to have the highest number of resources, therefore, can address the problem by setting up policies and implement measures to reduce sick leave.

Up to 34% of survey respondents claimed that they had registered an increase in sick leave over the past first years, out of which some even reached more than 5%. Changes in sick leave has been recorded due to various reasons - ranging from abuse, changing of employees, increase in long term illnesses, increase in overtime hours and employment of younger employees and having an aging workforce. On the other hand, 10% of survey respondents have managed to decrease their sick leave absence in the past five years, due to the implementation of an effective management of analysis, where they have introduced stricter sick leave policies – sending company doctors at home, requesting medical certificates by a certified medical practitioner, etc., improve better conditions at the workplace and reduced sick leave entitlements through collective agreements.

When annual sick leave entitlement is exhausted, the majority of employees take unpaid leave and/or make use of vacation leave. Some companies allow employees to make use of unutilized sick leave from previous years, while others offer employees half pay sick days. In circumstances, where employees need to take sick leave for long periods of time, such as being hospitalised, companies are handling the matter on case-by-case basis. Companies tend to discuss the situation with the employee and offer a package accordingly – such as adding additional leave days, use foundation funds to assist in medical care, and even offer the opportunity for colleagues to donate their leave.

Due to GDPR regulations, medical professionals are no longer requested to list down the diagnosis leading to sick absence from work. However, the most common causes for sick leave absence listed down in the survey is due to minor illnesses such as cold/flu or stomach pain.

44% of survey respondents observe a different incidence of sick leave usage among age groups. 51% claim that employees aged 16-25yrs take the most sick leave.

More than half of survey respondents have a sick leave policy in place.

57% of survey respondents monitor sick leave by keeping attendance records and 74% ask for medical certificates. Others use different types of monitoring techniques such as the Bradford Index, inputting

sick leave in payroll systems or conduct return to work interviews. When asked how many companies conduct a close follow-up of long-term sick leave, 48% claimed in the affirmative and this is done through informal meetings with employees, by sending doctors at home and requesting limitation reports to assess if employee can do alternative tasks within the company.

More than half of survey respondents claimed that they offer more benefits than the sick-leave benefits stipulated by law. Some offer health and dental insurance, others conduct doctors' visits, while others allow employees to make use of unutilised sick leave from previous years, and allow employees to use part of their sick leave allowance to care for family dependents. Companies are also being wary of mental health issues at the workplace, so much so that some of them are offering employee support programmes.

47% of survey respondents make use of company doctors whose role is to conduct random checks on employees who call in sick. 31% of companies claimed that their company doctor's role is to provide medical assistance to all employees and also to advice management on how to deal with complex medical cases.

35% of survey respondents claimed that less than 5% of sickness absence is due to non-genuine ill health, and 23% claimed that sickness absence not due to genuine health is between 5-19%. The most common reasons for sick absence not seen as genuine is mainly due to home/family responsibilities (74%) and extension of leisure time (62%), followed by stress/fatigue (51%).

A good number of companies (44%) have also noticed that sick leave is higher following weekends and days of rest. Mondays and Fridays are the most common days for sick leave absence, for sectors that do not work on shift basis. This could be due to fatigue, lengthening of rest days and because remuneration tends to be higher in weekends than in weekdays.

The most recommended legislative measures to reduce sick leave abuse by survey respondents were:

- To increase awareness on work related medical issues
- To impose stricter rules and monitoring of doctors to stop issuing unmerited certificates
- To introduce more serious consequences for long term absence and abuse of sick leave
- To change that social security benefit reduction should apply from day 1
- To offer special leave entitlement for employees taking care of a sick relative
- To provide financial incentives for employees who do not utilize their sick leave
- To allow employees to cash out their sick leave balance upon retirement

Paid sick leave is a necessary benefit for all employees – this includes part-timers, service workers, and others. If an employer does not tolerate sick leave for genuine cases, health problems would accelerate and illness will spread, thereby lowering productivity and morale. However, employers should not shy away from introducing their own procedures to discourage sick leave abuse by their employees.

Human resources officers should recognise the problem with sick leave abuse and intervene early before it escalates. Determining if and why employees exploit leave policies is important. Just as an employer analyses turnover, the organization should also look at sick leave abuse trends. Is leave

usage higher in one department or under a particular supervisor? Are workplace practices or policies affecting absences? Do children's illnesses lead to your employee's time-off? Finding the root cause of sick leave abuse problems helps in addressing the core issues.

In order to confidently discipline employees with attendance problems, legal experts say the best bet is to have a clearly written policy that specifies the organization's standards and employee requirements. A policy can help a company specify that discipline – including termination - may result from repeated sick leave abuse and misuse. The policy should be kept flexible, to deal with employee situations individually should the need arise.

Methods for monitoring sick leave abuse vary from one organization to the next, but there are some common guidelines all employers can follow:

- Recognizing the problem with sick leave abuse and intervene early before it escalates. Managers need to enforce sick leave policies and take appropriate action.
- Finding out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behaviour stems from a personal problem. If you find that it does, recommend counselling or refer them to your organization's employee assistance program.
- Learning to say "no." You shouldn't let employees get away with abusing leave policies. When you hear a ridiculous request to misuse leave, say "no."
- Using procedures, regulations, practices, and knowledge to benefit management as well as the employee. Supervisors and managers must work with employees. Their main job is to make certain that all employees are aware of sick leave policies and how to use them.
- Documenting everything.